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Housing in Canada

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tion Programs Division at the above address.

Canada's total population has grown from over 14 million in 1951 to nearly 21.6 million in 1971 and to 24.1 million in 1981. It is expected that it will reach some 29 million by the year 2001, more than double the 1951 figure.

Housing demand

The growth in population during the past 30 years has brought a corresponding increase in the demand for new housing throughout the country, although there has been a slight decrease in some areas in recent years. The population increase, urban growth, changing social patterns, combined with a continuing but reduced level of immigration is expected to set the pattern for Canada's housing requirements in the future.

As the population expanded, so did the pace of urban development. In 1956, the population in urban areas comprised 66.6 per cent of the total; this proportion rose to 73.6 per cent in 1966 and to 78 per cent in 1976. Approximately 36 per cent of the urban population was concentrated in cities of 500 000 or more in 1961. By 1976, some 42 per cent of the urban population lived in these large urban centres, about the same as in 1971. Although the population in the larger cities has increased greatly over the past 20 years, this trend is not expected to continue. By

the year 2001, it is estimated that 44 per cent of the population will be living in the nine largest metropolitan areas with only 56 per cent of the total Canadian population living in all 23 census metropolitan areas. The highest growth rates are expected in cities with populations of 20 000 to 100 000.

The "undoubling" of traditional households as a result of changing living patterns and increasing affluence also affects housing demand. Formerly it was not uncommon for as many as three generations of a family to live together in the same house but today children very often move away from the household where they grew up. In addition, there are increasing numbers of elderly persons who live by themselves.

In response to housing demands, the federal government undertakes many intensive studies to ascertain long-term housing needs, and together with private investment and initiative will be facing a possible requirement for over a million new housing units from 1981 to 1986. Federal responsibility for housing is discharged through Canada Mortgage and Housing Corporation (CMHC), a Crown agency established in 1946 to improve the housing and living conditions of Canadians and to administer the National Housing Act (NHA).

High ownership percentage

Canada's heritage is strongly agrarian, and despite the European ancestry of most of the first settlers, the country was pioneered by owner farmers rather than tenant farmers so that the leasehold and "lifetime" mortgages found in Europe were almost unknown. It is not surprising therefore, that 1980 estimates indicate that a high proportion — more than 60 per cent — of Canada's total housing supply of about 8.4 million units is owner-occupied.

To the average person, the price of a new or existing house represents about two to three times his gross annual income and few can afford to make such a purchase in cash. As a rule, a house is purchased by means of a mortgage—a long term loan based on the security of the property itself. Loans of this type are made by a variety of institutions such as banks, life-insurance companies and loan or trust companies and by credit unions, fraternal organizations and even private individuals. Mortgage loans usually require a cash down payment of at least 5 per cent of the value of the home.

Most mortgages are amortized, in that the borrower agrees to repay in installments, part of the principal with the interest due on the amount still owing. In this way the loan is fully repaid at the end of the mort-

gage period. Equal monthly payments are most often made but mortgage payments may also be repaid through graduated payments which start at a low level, gradually increase and then level out. Equal payment mortgages require a minimum cash down payment of 5 per cent; graduated payment mortgages require a minimum cash down payment of 10 per cent. The amortization period is usually for 25 years or more. Mortgage loans from both federal and private sources are also available for the construction or purchase of rental properties.

House-building: a major industry

House building is a major industry in Canada today. It is carried on by firms who employ from 10 to over 1 000 people and whose product is generally aimed at the mass market. The larger firms of merchant-builders can often achieve economies impossible to the builder of a single custom built home.

Such large firms may build from 50 to 300 or more houses (single-detached, semi-detached, duplex and row) at a time on a large tract of land they have purchased and subdivided into building lots. In these large projects, provision is made for schools, churches, shops, paved streets, sidewalks, underground utility services, parks and playgrounds.

Building materials: Since Canada is one of the world's largest producers of wood and wood products, it follows that a great deal of wood is used in Canadian house-building. It is estimated that three out of four new houses are of wood-frame construction where the basic frame or skeleton of the house is of lumber but the exterior walls, which are added later, may be of stone, artificial stone, brick, stucco, metal or wood. The others are built of solid brick, stone or cement blocks.

Continuing research and changing consumer demands result in new building materials being steadily introduced into the market. Plywood has now replaced lumber in many interior and exterior uses. Pre-painted plywood exterior siding, for example, is a recent innovation. Pre-painted aluminum and steel siding which require little maintenance, are also being used more and more. Cold water piping, coloured exterior siding and moulded bathtubs are a few of the current uses for plastic in house-building.

Advantages of prefabrication: Prefabrication as a method of house-building is attracting increasing attention because of the savings that can be made through centralized operation and assembly-line methods. Housing components such as roof trusses, exterior walls, interior partitions and kitchen units are made at a

central factory and then trucked to the building site where a basement or foundation of poured concrete or cement blocks has been completed. Using prefabricated components, two men can assemble a three- or four-bedroom house in five working days. On large projects, with crews of specialists, this building time can be further reduced.

Winter building: Formerly, construction work all but stopped during the winter, when below-zero temperatures prevented builders from using conventional techniques. Lately, the construction industry and the federal government studied ways to solve this problem and thus offer year-round employment to construction workers. Research resulted in the widespread use of improved winter-building techniques, including heated, pre-mixed concrete and temporary plastic tents that can be heated to enclose the construction site.

Housing renovation: In recent years, repair and renovation work to existing houses has increased greatly. In 1980, some 40 per cent of all residential construction activity was devoted to existing housing stock. Various opportunities exist for renovation and repair including the addition of a new room or rooms, the conversion of houses into a larger or smaller number of separate dwellings and the rehabilitation of

deteriorated houses. Insulating older houses to higher standards is also becoming more popular as a result of rising heating costs. Recent studies indicate that the potential for renovation work in Canada is very great, especially since Canada's current housing supply will age considerably over the next 20 years.

Housing renovation generates more jobs in the building industry than new residential construction. Renovation work will probably provide the house-building industry with an expanding market in the future.

A typical Canadian house

According to data based on new dwellings financed under the NHA in 1980 the typical Canadian house is a three-bedroom single-detached structure of frame construction with 110.9 square metres of finished floor area for living space. The purchaser of this house would generally be about 30 years old, married with two children and have a family income of \$30 000 a year. The average cost of this house is \$60 900 including \$14 600 for the freehold land the purchaser buys with the house. Cities tend to be more expensive than other areas, and there is a very wide variation in the figures from city to city throughout the country.

The typical house has a thermostatically-controlled central heating system with electric fans blowing

heated air through wall ducts and vents into each room. Most often the fuel is oil or natural gas but electric heat is becoming more popular in many areas. As part of its National Energy Policy, the federal government is now promoting the use of fuels other than oil.

Hot and cold water are piped into the kitchen, laundry room and bathroom; the source of water is usually a municipally-operated-purification and pumping plant. The bathroom is equipped with a flush toilet, a sink, a bath and a shower. An increasing number of homes now have two or more bathrooms.

As a rule the house is protected by insulation inserted between the exterior and interior walls that shields the occupants from the extremes of winter and summer temperatures. Many homes are now being insulated to higher standards as a result of rising heating costs.

A modern 100-amp electrical service meets the needs of the numerous electrical appliances in the house. An automatic washing-machine, clothes-dryer, electric stove, refrigerator, freezer, television set, vacuum cleaner, electric dish-washer — most, if not all, of these major appliances would be found in the typical Canadian home.

Multiple dwellings: With the trend towards urbanization, buildings that make more concentrated use of expensive land have become

important in Canadian housing. In 1980, 45 per cent of new housing units were multiple-unit dwellings which include semi-detached, duplex, row and apartment buildings.

High-rise apartment buildings have long been a feature of Canadian cities, often grouped with row or town houses and shopping centres, schools, parks and recreation areas to form entirely new residential complexes. In 1980, 30 per cent of the new housing units constructed were apartments, although not all of these were necessarily in high-rise buildings.

Condominiums, however, are a relatively new feature of housing in Canada. While they are available in most provinces, in 1978 only 2 per cent of all residential dwellings were under condominium tenure. Condominiums are generally high-rise apartment buildings or row or town houses similar to those constructed in Canada for many years, which the prospective homeowner buys instead of rents. In addition to the mortgage payment, a monthly sum is paid into a fund for the maintenance of commonly-owned and shared facilities such as hallways, elevators, parking lots, land and recreation areas.

Federal housing programs

Under the National Housing Act, Canada Mortgage and Housing Corporation offers a number of pro-

grams aimed at improving living conditions in Canada. Among these programs are the following:

NHA mortgage insurance: Since 1954, CMHC has been insuring mortgage loans under the NHA. Through the operation of a mortgage insurance fund, CMHC insures mortgage loans made to builders and home buyers by NHA approved lenders. These approved lenders are authorized to lend under the terms of the NHA and include such institutions as chartered banks, life insurance companies, trust companies, loan companies, credit unions and "caisse populaires".

CMHC's NHA insured mortgage loans are first mortgage loans insured against default by the borrower, through an insurance policy issued by CMHC. For this coverage the borrower pays a premium to CMHC of a percentage of the authorized loan which goes toward the corporation's mortgage insurance fund. The premium does not require an additional down payment and may be added to the loan and repaid over the term of the mortgage.

For both borrower and lender, there are several advantages to an NHA insured mortgage loan. Mortgage loan insurance coverage is for the full amortization period of the mortgage. Through a CMHC-NHA insured mortgage loan, borrowers are able to reduce the necessary down payment from 25 per cent to an

amount as low as 5 per cent. The equity which borrowers must provide from their own resources may consist of cash, land, their own labour, or a combination of these elements.

Mortgage loan lenders in Canada find that CMHC's NHA insured mortgage loans are attractive for sale in the secondary mortgage market because of the unique guarantee they offer. All mortgage loans insured by CMHC under the NHA are obligations of CMHC, which are in turn direct obligations of the government of Canada. In the event of a borrower default, the corporation takes back the property and undertakes to repay the lender up to 100 per cent of the principal and interest owing.

Non-profit housing: The federal government offers various forms of assistance to non-profit organizations for privately or publicly owned low and moderate income rental housing. These may be for individuals, families, the elderly or special groups such as the handicapped, whose limited resources often exclude them from the general housing market. A province, municipality or private group of citizens may form a non-profit company. If the company can show evidence of demand in its locality for a low-rental housing project, CMHC is authorized to provide annual assistance to reduce rents. The maximum amount of the assistance is equivalent to a reduction in

the mortgage interest rate to 2 per cent on a 100 per cent mortgage with a 35 year term.

Non-profit co-operatives which are organized for the collective ownership and management of housing projects are also eligible for the same assistance provided for non-profit corporations. Private co-operative and non-profit corporations may also receive a contribution of up to \$75 000 to develop their housing proposal to a point where a loan application can be made to a private lender. The housing may consist of self-contained units, hostels or dormitories, or any combination of these.

Public housing: The federal government, through CMHC, offers two forms of assistance for the production of public housing. In such housing, the rents are proportionate to the tenant's ability to pay.

Assistance may be extended:

1. Through federal-provincial partnership arrangements, with 75 per cent of the capital cost paid for by the federal government and 25 per cent by the provincial government. The provincial government may require the municipality to pay part of the 25 per cent provincial share on a mutually-acceptable basis. Operational deficits are shared by the federal and provincial partners in the same 75-25 per cent ratio.

Each project is managed by a housing authority appointed by the province subject to federal approval.

2. Through rent supplements placed on units owned or rented by the provinces and occupied by public housing tenants. Under this arrangement, the difference between the rent collected from the tenant and the cost of operating or leasing the units is shared equally by the federal and provincial governments.

Housing for Indians on reserves: CMHC makes loans under the NHA to status Indians on reserves for the construction of new houses, the loans being guaranteed by the federal Department of Indian and Northern Affairs. To facilitate access to housing on reserves, the NHA has been amended to authorize CMHC or approved private lenders to make loans for the purchase and/or rehabilitation of existing housing, as well as for new construction.

At the same time, status Indians on reserves may qualify for assistance under the non-profit and co-operative housing programs of the NHA. The changes will ensure that NHA assistance to individuals living off reserves is also available to those who live on reserves.

Rural and native housing: In order to provide better housing in rural and remote areas, and to involve those communities in the entire housing process, NHA loans

are available through federal-provincial partnerships. A committee composed of persons from the community decides what their needs are, and plans the construction of new houses or the rehabilitation of existing ones. The financial assistance varies with the income of the eligible family.

Land assembly: The federal government, through CMHC, owns with the provinces approximately 6 400 hectares of land for public general housing purposes. When the land is developed, the corporation provides 75 per cent of the cost with profits and losses of the undertaking shared on the same 75-25 per cent basis by the federal government and the provincial governments. In most instances in these federal-provincial partnership arrangements the provincial partners take the active role. The developed land consisting of lots and blocks is sold to prospective homeowners or merchant builders.

As an alternative, loans of up to 90 per cent of the cost of acquiring and servicing land for public and general housing purposes may be provided to provinces, municipalities or public housing agencies.

These programs are now in a phase-out stage.

Residential rehabilitation assistance: The escalating costs of new construction, coupled with the trend

towards urbanization, has created a need to encourage and assist with the preservation of older residential dwellings. To respond to this need, the federal government in 1973 introduced the Residential Rehabilitation Assistance Program. Under this program funds are available from CMHC to assist in improving and repairing existing substandard dwellings. This aid, in the form of a loan which may be partially "forgiven", is available in selected areas to homeowners and landlords who agree to rent controls, and in all areas to non-profit corporations and co-operatives.

Research and demonstration

In support of the federal government's objectives for housing, the Canada Mortgage and Housing Corporation undertakes research, development and demonstration on a broad range of housing and community planning concerns. Policy studies, program evaluations and market analysis promote the continuing development and responsiveness of Canada's housing programs. Technical research into community and building engineering issues continues to stimulate over-all sound design in Canadian housing. In addition, input from the general public regarding proposals for research into various aspects of the process is actively sought through the Housing Technology Incentives Program and External Research Program.



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